

Principal Residence or Rental Property – SDAT determines if a residential property qualifies as a principal residence, making them eligible for many benefits: homestead tax credit, semi-annual property tax payment schedule, homeowner's tax credit (if applicable), and a one-time property tax credit (if applicable). For that reason, SDAT carefully reviews accounts and obtains information from several external sources. One source is a County rental license that each property owner, under County law, must obtain prior to offering residential property for rent. For information on how to obtain a rental license and for additional details on this program, visit the County Department of Housing and Community Affairs website at http://www.montgomerycountymd.gov/dhctmpl.asp?url=/Content/dhca/Licensing/licensing_landlord_tenant.asp or call 240-777-3799.

OTHER CHARGES AND FEES

Solid Waste Charge - All ratepayers are billed directly for County supported solid waste and recycling services, facilities and programs. The solid waste charge is made up of components which vary based on the services provided by the County. For non-residential property owners, the charge is based on the gross floor area and/or generator category on file, and for multifamily dwelling owners it is based on the number of units on file. Inquiries regarding solid waste charges should be directed to the County's Division of Solid Waste Services at 240-777-6410, or to their website at www.montgomerycountymd.gov/solidwaste

Water Quality Protection Charge - This charge provides funds for a comprehensive inspection and maintenance program for stormwater facilities in the County. This program helps to protect streams, water supplies, and property by keeping stormwater facilities functioning properly so that they remain capable of removing pollution, recharging groundwater, protecting streambanks, and keeping roads and property from flooding. For more information on this program, visit the County Department of Environmental Protection website at <http://www.montgomerycountymd.gov/dectmpl.asp?url=/content/dep/water/stormwaterfacility.asp>, or call 240-777-7763.

Bay Restoration Fund Fee – All properties in the State of Maryland are levied a fee in support of a dedicated Bay Restoration Fund (BRF) used to improve the water quality of the Chesapeake Bay. Since most County taxpayers are on a sewer system and/or receive water service from their utility company, the majority of property owners pay this charge on their utility bill. Those who have a septic system and do not receive water service from a public utility – are levied the fee on their County property tax bill. The annual amount is \$30.00 in levy year 2010. For more information, visit the State of Maryland Department of the Environment website at www.mde.state.md.us/Water/bayrestoration.asp and review the section "Chesapeake Bay Restoration Act" or call 410-537-4195.



For Information Call 240-777-8950 or
Visit our Website at:
www.montgomerycountymd.gov/finance
TTY: 240-773-3556 (Hearing Impaired Only)

Montgomery County, Maryland Department of Finance



Tax Facts Information About Your County Real Property Tax Bill

Tax Period:
July 1, 2010 through
June 30, 2011

Dear Montgomery County Taxpayer:

The operating budget for the fiscal year beginning July 1 (FY 11) included many difficult choices and continues the work that we began three years ago of putting the County's fiscal house in order. Working together, we addressed an unprecedented budget shortfall of \$1 billion, and were able to close the gap through sharp spending reductions, restructuring and other measures. All of our public employees will forgo cost-of-living increases and receive no step increases, and most public employees will be furloughed up to eight days in FY 11.

Again this year, we did not increase property taxes above the Charter limit. The property tax credit is \$692 for all owner-occupied residences.

To help close the \$1 billion gap, and avoid even further reductions to critical County services, we found it necessary to approve increases in the energy and cell phone taxes. These increases are unfortunate, but necessary.

Assessments in Maryland are on a three-year cycle, and some of these state property assessments have not yet caught up to falling property values. To assist homeowners with their tax burden, the Homeowners' Property Tax Credit Program is available to reduce taxes for those living on limited or fixed incomes. Households earning less than \$60,000 may be eligible for the County Supplemental tax credit, which, combined with a special property tax credit for eligible senior residents, averaged \$765 last year and benefited close to 3,000 County residents. We encourage everyone who believes they may qualify to apply for the Homeowners' Tax Credit. Eligibility for residents will be determined when they apply for the Homeowners' Tax Credit. Call 800-944-7403 or go on the web to <http://www.dat.state.md.us/>, click on Forms and Applications, scroll to the bottom and click on Homeowners' Tax Credit Application.

The FY11 operating budget reduces the County's tax-supported growth rate down to an historic minus 6.1 percent compared with the current year. Our region is not immune from the tough economic times in which we live – neither are our families, and neither is County government. We've made some very hard choices now that address our current problems, without resorting to quick fixes. However, even with these difficult choices, we continue to focus on the basics: delivering excellent education, public safety and transportation; providing affordable housing; and helping our most vulnerable residents. Please go to <http://www.montgomerycountymd.gov/> for more details on the budget.

As always, we welcome your comments and feedback.

Sincerely,

Isiah Leggett
Montgomery County
Executive

Nancy Floreen
Montgomery County
Council President

SERVICES PROVIDED BY TAX REVENUES

County Property Tax – The General County tax is levied on all property in the County and funds, in part, such basic services as police protection, elementary and secondary education, the community college, transportation, health and social services, and libraries. There are additional County taxes that are levied either Countywide or in specially defined areas of the County to fund defined projects and programs. The following taxes are Countywide (all taxpayers pay these taxes): the Transit Tax, which funds public transportation services including the Ride On bus system, the Fire District Tax, which funds fire and rescue services, and the Advance Land Acquisition Tax, which funds land acquisitions by the Maryland-National Capital Park and Planning Commission (M-NCPPC). Seven additional taxes are levied only in specially defined areas: the Metropolitan Tax funds M-NCPPC local park facilities and parks programs and the Regional Tax funds M-NCPPC planning and administrative programs; five additional taxes fund recreation facilities and programs, storm drainage improvements, parking lot districts, urban districts, and noise abatement districts. Whether a taxpayer pays one of these special area taxes depends on where the property is located. To determine which Special Area taxes apply, please refer to the Tax Rate Schedule, as described below.

State Property Tax - This tax is levied by the State of Maryland and used for the payment of principal and interest on State bonds.

Municipal District Property Tax - This tax is levied by each municipal area within the County. Although the services provided by tax revenues differ for each municipality, they are used generally for services such as street and sidewalk maintenance, trash removal, tree care, sanitation, and police protection.

Development District Special Tax & Assessment - Properties in tax classes R061 (Kingsview Village Center) or R064 (West Germantown) are levied special taxes and assessments used to pay the debt service on bonds that finance specific infrastructure improvements.

TAX RATES AND TAX CREDITS

How the Tax Rate is Determined - The real property tax rate, which is set each year by the County Council, is an ad valorem tax, meaning it is applied to the assessed value of the property. The fully phased-in assessed value equals the full cash value of the property. The real property tax is levied annually on all taxable land and improvements.

Tax Rate Schedule - A detailed tax rate schedule for all tax classes is available by clicking on "Tax Rates" under the link for "County Taxes" when visiting the County website at www.montgomerycountymd.gov/finance, or by calling 240-777-8950.

Charter Limit - Section 305 of the County Charter requires that "Unless approved by an affirmative vote of nine, not seven, Council members, the Council shall not levy an ad valorem tax

on real property to finance the budgets that will produce total revenue that exceeds the total revenue produced by the tax on real property in the preceding fiscal year plus a percentage of the previous year’s real property tax revenues that equals any increase in the Consumer Price Index as computed under this section. This limit does not apply to revenue from (1) newly constructed property, (2) newly rezoned property, (3) property that, because of a change in state law, is assessed differently than it was assessed in the previous tax year, (4) property that has undergone a change in use, and (5) any development district tax used to fund capital improvement projects.”

Your tax bill for levy year 2010 reflects the adopted reduction in revenues required to comply with the Montgomery County Charter. The revenue reduction for levy year 2010 is achieved through a one-time property tax credit of \$692 for each qualified principal (i.e., owner-occupied) residential property.

Assessment Information - All real property in the County is subject to taxation, except that which is specifically exempt. Each property is assessed every three years by the State Department of Assessments and Taxation (SDAT). For more details about your assessment and the appeal process, please visit the SDAT website at www.dat.state.md.us, or call 240-314-4510.

Tax Credit Information - The County offers many tax credits and exemptions against the real property tax for which you may be eligible. Please visit our website at www.montgomerycountymd.gov/propertytaxcredits

Homestead Property Tax Credit - To assist homeowners who are affected by large assessment increases, the State of Maryland, Montgomery County, and municipalities limit the annual taxable assessment increase to 10% for principal residential properties, except for the Town of Kensington which has a 5% limit. This limit, called the Homestead Tax Credit, is not applicable the first year following the purchase of a home, and therefore the taxable assessment may be substantially higher than it was for the previous owner. This credit is administered by SDAT. If you are eligible but did not receive the credit or wish to learn more about the program, please visit the SDAT website at www.dat.state.md.us/sdatweb/homestead.html or call 240-314-4510.

Property Tax Disclosure – Effective April 1, 2008, Montgomery County requires that residential property owners who sell their home must estimate and disclose to the prospective buyer the property tax for the subsequent levy year. Since the buyer will not be eligible for the homestead tax credit in the first year following purchase of the new home, the difference between the current year’s tax and next year’s tax can be significant. This disclosure requirement assists the consumer when purchasing a home in the County. In order to obtain more

information and review the online calculator, please visit the County’s Office of Consumer Protection website at <http://www.montgomerycountymd.gov/apps/OCPTax/index.asp> or call 240-777-3636.

Homeowners Property Tax Credit - Maryland’s Homeowners Property Tax Credit and its Montgomery County supplement are administered by SDAT. These tax credits are granted to eligible homeowners of all ages, with the exception that taxpayers age 70 and older may file for three years of credits, retroactively. Applications for this program must be filed by September 1st. The program provides tax credits for homeowners who qualify on the basis of their household income as compared to their tax bill. Both State and County programs (1) use a maximum property assessment amount of \$300,000 to compute the credit, and (2) require net worth to not exceed \$200,000 excluding the value of the primary residence and qualified retirement assets. For more information or to obtain an application form, visit the SDAT website at www.dat.state.md.us/sdatweb/htc.html or call 800-944-7403.

Senior Property Tax Credit – The County offers a property tax credit for senior residents, based on 25% of the combined State and County Homeowners Tax Credits. This credit is available to residential property owners, when one of the property owners is at least 70 years of age. If you applied for the Homeowners Tax Credit, SDAT has the age information to determine eligibility and there is no need to apply for this credit separately. However, you must apply for the Homeowners Property Tax Credit (see above) to be considered. If you have specific questions about this program, please call SDAT at 800-944-7403.

Fire Sprinkler System Tax Credit - The County offers a one-time real property tax credit of up to 50% of the General County real property tax to partially offset the cost of installing an approved complete automatic sprinkler system used for fire protection in any detached single-family dwelling unit, any attached dwelling unit, or multi-family building in which a fire sprinkler system was not legally required to be installed. For more information or to obtain an application form, visit our website at www.montgomerycountymd.gov/finance and click on “County Taxes” then “Individual Tax Credits” or call 240-777-8950.

TAX PAYMENT INFORMATION

When Taxes are Due - Payments for annual bills and the first installment of semi-annual bills must be received (postmark is not sufficient) on or before September 30th, and become delinquent on October 1st. The second semi-annual installment payment must be received on or before December 31st, and becomes delinquent January 1st. Delinquent taxes are subject to interest and penalties at the rate of 1 2/3 % per month until paid in full and are calculated on the net amount of the bill, after any credits are applied. Delinquent taxes, including unpaid

penalty and interest charges, are a lien on the property and are sold in accordance with all applicable laws and regulations during the subsequent calendar year. A tax lien sale will also occur if the taxpayer owes an amount equal to the interest and penalty, even if the amount of the tax bill has been paid. Accounts eligible for tax lien sale are listed for four consecutive weeks in a Montgomery County newspaper and are subject to a \$50 tax sale fee. Property tax accounts taken to “tax sale” are subject to redemption interest and may be subject to additional costs incurred by the certificate holder.

Taxes on principal residential properties are paid on a semi-annual schedule unless a taxpayer chooses to make both payments on or before September 30th. Taxpayers who escrow their payments may elect to pay annually, but must notify their lenders by May 1st of their intent to pay annually. Taxpayers will receive a tax bill that will permit those who do not escrow their taxes to pay on either a semi-annual or annual basis. Semi-annual bills include two payment coupons, while annual bills include only one coupon. Payments for partial year levies (three-quarter, half year, or one-quarter) for newly constructed properties are due 30 days after the bill is mailed.

Personal property taxes and real property taxes on residential rental units and commercial property are not eligible for semi-annual payment. For more information on the semi-annual program, please visit our website at www.montgomerycountymd.gov/finance and click on “Reviews & Bulletins” under the link for “County Taxes.”

How to Pay Taxes - Taxpayers have four options for paying their property tax bill:

1. Pay by electronic check, debit card, or credit card on the County’s website at: www.montgomerycountymd.gov/finance
2. Pay by telephone using a debit card or credit card (VISA, MasterCard, American Express, and Discover) by calling: 888-255-0029.
3. Pay by mail with a check or money order payable to Montgomery County, Maryland and mailed to Montgomery County, Maryland, Box 9418, Gaithersburg, MD 20898-9418.
4. Pay in person at the Division of Treasury, 255 Rockville Pike (Monroe Street entrance), Suite L-15, Rockville, MD. Payment in person may be made by cash, check, money order, or Discover card only.

PLEASE NOTE: Payments by credit card and debit card are assessed a convenience fee of approximately 2.5% of the payment amount. **This fee is levied by the payment processing company and cannot be waived by Montgomery County.**

Payments made by electronic check through our website are free of charge. Payments made in person using the Discover card are subject to the following fee schedule:

Payment Amount	Discover Card Fee
\$0.00 to \$500.00	\$ 5.00
\$500.01 to \$1,000.00	\$12.00
\$1,000.01 to \$2,000.00	\$24.00
\$2,000.01 to \$3,000.00	\$38.00
\$3,000.01 or more	\$48.00

On-line Banking – *Customers using on-line banking services are advised to schedule the payment several days in advance of the due date to ensure timely delivery and avoid late fees (as most such payments are delivered by the bank to the County by U.S. mail – not electronically).* An alternative is the “Electronic Check” feature on the County’s website which provides a true electronic delivery of payment and an assured delivery date.

Mortgage Information - All taxpayers receive the original tax bill and are responsible for ensuring that their taxes are paid on time. The County tax bill displays in the Mortgage Information Box the name of your mortgage lender if it participates in the County’s electronic data retrieval and tax payment (mass-pay) program at the time the bill is prepared. Due to the high level of mortgage refinancing and mortgage sales in the financial markets, the County encourages taxpayers to review the lender information on their tax bills. The County makes available to all mass-pay participating lenders individual billing information for their retrieval and use in making escrowed payments. Property owners may wish to contact their lender to ensure that their bills have been paid. If their lender does not have the correct billing information, the property owner should forward a copy of the tax bill to the lender. Disputes between taxpayers and their lenders arising from non-payment or late payment of taxes must be resolved between the taxpayers and lenders.

Even though taxpayers may have established an escrow account with their mortgage lender, lenders do not pay partial year levies for newly constructed properties. Therefore, taxpayers must ensure that payment is made. We encourage you to verify that your taxes have been received by the County and whether you owe interest and penalty: you can check your account at the County’s website, you can call Finance, or visit our office.

Change of Address - In Maryland, SDAT is the official custodian of all addresses relative to State and County taxes. If you wish to change your mailing address you must notify SDAT. You can receive a change of address form and instructions by visiting the SDAT website at www.dat.state.md.us or by calling 240-314-4510. Please note that failure to change the mailing address does not relieve the taxpayer of the obligation to pay the property tax bill.